

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION**

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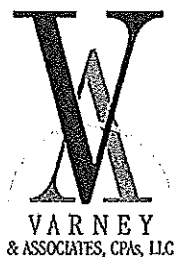
INDEPENDENT AUDITORS' REPORT

June 30, 2010

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
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March 30, 2011

Board of Education
Unified School District No. 378
Riley, Kansas

Independent Auditors' Report

We have audited the accompanying financial statements of Unified School District No. 378 (the District) as of and for the year ended June 30, 2010, as listed in the table of contents. These statutory financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares these statutory financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The difference between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

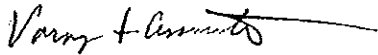
In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2010, or the results of its operations or cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the District as of June 30, 2010, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

Independent Auditors' Report

March 30, 2011
Unified School District No. 378
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In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Certified Public Accountants
Manhattan, Kansas

Independent Auditors' Report

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

For the Year Ended June 30, 2010

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances and Audit Adjustments	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Fund	\$ 9,034	\$ 27,402	\$ 5,310,561	\$ 5,313,085	\$ 33,912	\$ 35,396	\$ 69,308
Special Revenue Funds	500,564	34,449	4,197,056	3,935,886	796,183	50,492	846,675
Debt Service Funds	684,363	-	375,746	375,487	684,622	-	684,622
Total Reporting Entity (Excluding Agency (Funds))	\$ 1,193,961	\$ 61,851	\$ 9,883,363	\$ 9,624,458	\$ 1,514,717	\$ 85,888	\$ 1,600,605
Composition of Cash							
Checking Account - Riley State Bank							\$ 1,575,902
Checking Account - Leonardville State Bank							11,642
Checking Account - Activity Fund - High School							39,332
Checking Account - Activity Fund - Grade School							1,178
Checking Account - Patty Cash							1,977
Checking Account - General Flex							11,084
Total Cash							\$ 1,641,115
Agency Funds							40,510
Total Reporting Entity (Excluding Agency Funds)							\$ 1,600,605

STATEMENT 1

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
Governmental Fund Types						
General Funds						
General	\$ 5,064,348	\$ -	\$ 248,737	\$ 5,313,085	\$ 5,313,085	\$ -
Supplemental General	1,584,803	-	-	1,584,803	1,584,487	316
Special Revenue Funds	2,503,621	-	-	2,503,621	2,220,749	282,872
Debt Service Funds	375,954	-	-	375,954	375,487	467
Total Funds	\$ 9,528,726	\$ -	\$ 248,737	\$ 9,777,463	\$ 9,493,808	\$ 283,655

STATEMENT 2

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
	Actual	Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 596,865	\$ 602,663	\$ 576,856	\$ 25,807
Delinquent taxes	5,172	8,142	9,124	(982)
Machinery and equipment tax	1,766.00	-	-	-
Tuition	-	-	-	-
State aid				
Equalization aid	3,951,939	3,551,628	3,608,479	(56,851)
Special education aid.	682,551	642,050	642,050	-
Miscellaneous	4,824	4,700	-	-
Federal aid				
Federal impact aid	-	24,972	-	24,972
ARRA funds	-	227,669	227,669	-
Reimbursements	246,280	248,737	-	248,737
Transfers in	-	-	-	-
Total Cash Receipts	<u>\$ 5,489,397</u>	<u>\$ 5,310,561</u>	<u>\$ 5,064,178</u>	<u>\$ 241,683</u>
EXPENDITURES				
Instruction	\$ 2,755,705	\$ 2,500,407	\$ 2,210,547	\$ (289,860)
Student support	145,900	141,830	148,278	6,448
Instructional support staff	133,635	105,850	113,513	7,663
General administration	348,477	369,028	368,917	(111)
School administration	452,382	418,054	438,633	20,579
Operations and maintenance	996,471	971,273	1,065,833	94,560
Other supplemental service	18,072	15,407	18,550	3,143
Operating transfers	661,057	791,236	700,077	(91,159)
Total Expenditures	<u>\$ 5,511,699</u>	<u>\$ 5,313,085 *</u>	<u>\$ 5,064,348</u>	<u>\$ (248,737)</u>
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ (22,302)	\$ (2,524)	<u>\$ (170)</u>	<u>\$ (7,054)</u>
UNENCUMBERED CASH - BEGINNING				
	29,120	9,034		
Prior period audit adjustments				
Prior year cancelled encumbrances	<u>2,216</u>	<u>27,402</u>		
UNENCUMBERED CASH - ENDING				
	<u>\$ 9,034</u>	<u>\$ 33,912</u>		

*should be
very budget*

* Total expenditures of \$5,313,085 less allowable budget credits of \$248,737 for a total of \$5,064,348.

Financial Statements

Should be starting budget doc but not cash

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
SUPPLEMENTAL GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
	Actual	Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 734,465	\$ 724,636	\$ 762,359	\$ (37,723)
Delinquent taxes	6,301	10,242	11,368	(1,126)
Motor vehicle tax	97,875	106,758	99,551	7,207
Machinery and equipment tax	403	-	-	-
Federal aid				
ARRA funds	-	184,373	-	-
State aid				
Equalization aid	748,915	542,658	730,848	(188,190)
Total Cash Receipts	<u>\$ 1,587,959</u>	<u>\$ 1,568,667</u>	<u>\$ 1,604,126</u>	<u>\$ (219,832)</u>
EXPENDITURES				
Instruction	\$ 45,607	\$ 237,670	\$ 135,652	\$ (102,018)
Instructional support staff	273,199	308,539	268,760	(39,779)
General administration	-	-	-	-
School administration	38,484	38,080	36,000	(2,080)
Operations and maintenance	72,636	81,425	175,420	93,995
Vehicle operating services	93,923	40,734	70,459	29,725
Operating transfers	1,053,811	878,039	898,512	20,473
Total Expenditures	<u>\$ 1,577,660</u>	<u>\$ 1,584,487</u>	<u>\$ 1,584,803</u>	<u>\$ 316</u>
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ 10,299	\$ (15,820)	<u>\$ 19,323</u>	<u>\$ (219,516)</u>
UNENCUMBERED CASH - BEGINNING				
	49,489	20,590		
Prior year cancelled encumbrances	<u>(39,198)</u>	<u>31,832</u>		
UNENCUMBERED CASH - ENDING				
	<u>\$ 20,590</u>	<u>\$ 36,602</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

AT RISK

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfer	\$ 228,407	\$ 57,000	\$ 173,000	\$ (116,000)
EXPENDITURES				
Instruction	\$ 164,467	\$ 104,390	\$ 172,200	\$ 67,810
Operations and maintenance	363	-	-	-
Total Expenditures	\$ 164,830	\$ 104,390	\$ 172,200	\$ 67,810
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 63,577	\$ (47,390)	\$ 800	\$ (48,190)
UNENCUMBERED CASH - BEGINNING	2,031	64,737		
Prior year cancelled encumbrances	(871)	19		
UNENCUMBERED CASH - ENDING	\$ 64,737	\$ 17,366		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Taxes and shared revenue				
Ad valorem property tax	\$ 65,137	\$ 196,363	\$ 207,329	\$ (10,966)
Delinquent taxes	558	887	1,505	(618)
Motor vehicle tax	9,736	9,913	14,574	(4,661)
Machinery and equipment tax	36	-	-	-
Other county revenue	670	698	-	698
State aid				
Equalization aid	21,148	-	-	-
Interest income	3,373	3,961	-	3,961
Reimbursements	-	-	-	-
Transfers in	-	50,000	-	50,000
Total Cash Receipts	<u>\$ 100,658</u>	<u>\$ 261,822</u>	<u>\$ 223,408</u>	<u>\$ 38,414</u>
EXPENDITURES				
Transportation equipment	\$ -	\$ 7,730	\$ -	\$ (7,730)
Land improvement	115,497	-	120,000	120,000
Architectural services	-	-	-	-
New building acquisition	74,505	75,034	75,000	(34)
Repair and remodel buildings	-	-	60,000	60,000
Total Expenditures	<u>\$ 190,002</u>	<u>\$ 82,764</u>	<u>\$ 255,000</u>	<u>\$ 172,236</u>
RECEIPTS OVER (UNDER) EXPENDITURES				
	\$ (89,344)	\$ 179,058	<u>\$ (31,592)</u>	<u>\$ 210,650</u>
UNENCUMBERED CASH - BEGINNING				
	<u>194,337</u>	<u>104,993</u>		
UNENCUMBERED CASH - ENDING				
	<u>\$ 104,993</u>	<u>\$ 284,051</u>		

Financial Statements

STATEMENT 3

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
 DRIVERS EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
State aid	\$ 2,128	\$ 2,150	\$ 3,000	\$ (850)
Transfers	15,000	18,757	18,000	757
Fees	-	1,900	-	1,900
Total Cash Receipts	<u>\$ 17,128</u>	<u>\$ 22,807</u>	<u>\$ 21,000</u>	<u>\$ (93)</u>
EXPENDITURES				
Salaries	\$ 13,502	\$ 14,586	\$ 15,000	\$ 414
Employee benefits	1,046	1,131	1,550	419
Supplies	20	913	950	37
Vehicle operation	2,022	1,209	3,640	2,431
Total Expenditures	<u>\$ 16,590</u>	<u>\$ 17,839</u>	<u>\$ 21,140</u>	<u>\$ 3,301</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 538	\$ 4,968	<u>\$ (140)</u>	<u>\$ 3,208</u>
UNENCUMBERED CASH - BEGINNING	-	538		
UNENCUMBERED CASH - ENDING	<u>\$ 538</u>	<u>\$ 5,506</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
FOOD SERVICE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Sales	\$ 179,066	\$ 187,980	\$ 181,945	\$ 6,035
State aid	3,570	3,895	4,006	(111)
Federal aid	115,821	137,330	125,526	11,804
Other	18,986	17,683	-	17,683
Transfers	237,116	197,461	222,125	(24,664)
Total Cash Receipts	<u>\$ 554,559</u>	<u>\$ 544,349</u>	<u>\$ 533,602</u>	<u>\$ 10,747</u>
EXPENDITURES				
Salaries	\$ 171,249	\$ 166,474	\$ 177,956	\$ 11,482
Employee benefits	35,917	36,566	43,674	7,108
Food	291,964	263,375	293,800	30,425
Supplies	16,564	13,147	25,000	11,853
Property	3,066	988	19,000	18,012
Other	11,299	7,523	1,500	(6,023)
Total Expenditures	<u>\$ 530,059</u>	<u>\$ 488,073</u>	<u>\$ 560,930</u>	<u>\$ 72,857</u>
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ 24,500	\$ 56,276	<u>\$ (27,328)</u>	<u>\$ 83,604</u>
UNENCUMBERED CASH - BEGINNING	500	25,565		
Prior year cancelled encumbrances	<u>565</u>	<u>1,385</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 25,565</u>	<u>\$ 83,226</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

INSERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended June 30, 2010

With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
State aid	\$ 4,223	\$ -	\$ -	\$ -
Transfers	31,689	-	50,000	(50,000)
Miscellaneous	396	-	-	-
Total Cash Receipts	<u>\$ 36,308</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (50,000)</u>
EXPENDITURES				
Inservice CPSI	\$ 23,690	\$ 4,343	\$ 24,000	\$ 19,657
Salaries	6,598	-	25,500	25,500
Other	200	-	-	-
Total Expenditures	<u>\$ 30,488</u>	<u>\$ 4,343</u>	<u>\$ 49,500</u>	<u>\$ 45,157</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 5,820	\$ (4,343)	<u>\$ 500</u>	<u>\$ (4,843)</u>
UNENCUMBERED CASH - BEGINNING	180	6,000		
Prior year cancelled encumbrances				
UNENCUMBERED CASH - ENDING	<u>\$ 6,000</u>	<u>\$ 1,657</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
 SPECIAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ 931,414	\$ 1,010,000	\$ 812,918	\$ 197,082
Federal aid				
Federal impact aid	-	10,702	-	10,702
Total Cash Receipts	<u>\$ 931,414</u>	<u>\$ 1,020,702</u>	<u>\$ 812,918</u>	<u>\$ 207,784</u>
EXPENDITURES				
Instruction	\$ 832,225	\$ 932,231	\$ 788,782	\$ (143,449)
Operations and maintenance	26,690	31,995	30,000	(1,995)
Student transportation	25,110	26,672	41,525	14,853
Total Expenditures	<u>\$ 884,025</u>	<u>\$ 990,898</u>	<u>\$ 860,307</u>	<u>\$ (130,591)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 47,389	\$ 29,804	<u>\$ (47,389)</u>	<u>\$ 77,193</u>
UNENCUMBERED CASH- BEGINNING	-	47,389		
UNENCUMBERED CASH - ENDING	<u>\$ 47,389</u>	<u>\$ 77,193</u>		

Financial Statements

STATEMENT 3

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
 VOCATIONAL EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ 317,315	\$ 273,000	\$ 264,330	\$ 8,670
Other	571	-	-	-
Total Cash Receipts	<u>\$ 317,886</u>	<u>\$ 273,000</u>	<u>\$ 264,330</u>	<u>\$ 8,670</u>
EXPENDITURES				
Salaries and benefits	\$ 301,473	\$ 251,371	\$ 247,545	\$ (3,826)
Teaching supplies	9,644	5,137	8,400	3,263
Textbooks	343	2,011	2,125	114
Miscellaneous supplies	131	596	1,250	654
Equipment	3	1,701	1,500	(201)
Other	3,597	1,240	3,000	1,760
Total Expenditures	<u>\$ 315,191</u>	<u>\$ 262,056</u>	<u>\$ 263,820</u>	<u>\$ 1,764</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 2,695	\$ 10,944	<u>\$ 510</u>	<u>\$ 10,434</u>
UNENCUMBERED CASH - BEGINNING	8	2,993		
Prior year cancelled encumbrances	290	1,213		
UNENCUMBERED CASH - ENDING	<u>\$ 2,993</u>	<u>\$ 15,150</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
SUMMER SCHOOL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Transfers	\$ 58,978	\$ -	\$ -	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (58,978)	\$ -	\$ -	\$ -
UNENCUMBERED CASH - BEGINNING	58,978	-		
UNENCUMBERED CASH - ENDING	\$ -	\$ -		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
PARENTS' EDUCATION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Transfers	\$ 13,057	\$ 13,057	\$ 13,057	\$ -
EXPENDITURES				
Instruction	\$ 13,057	\$ 13,057	\$ 13,057	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	\$ -	\$ -		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
BOND AND INTEREST FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Taxes and Shared Revenue				
Ad valorem property tax	\$ 218,379	\$ 215,307	\$ 209,635	\$ 5,672
Delinquent taxes	2,429	3,632	3,370	262
Other county revenue	2,833	3,148	-	3,148
Motor vehicle tax	37,269	33,482	34,003	(521)
Machinery and equipment tax	119.00	-	-	-
State aid	130,040	120,177	120,145	32
Total Cash Receipts	<u>\$ 391,069</u>	<u>\$ 375,746</u>	<u>\$ 367,153</u>	<u>\$ 8,593</u>
EXPENDITURES				
Bond principal	\$ 300,000	\$ 280,000	\$ 280,000	\$ -
Interest	106,453	95,452	95,454	2
Commission and postage	2	35	500	465
Total Expenditures	<u>\$ 406,455</u>	<u>\$ 375,487</u>	<u>\$ 375,954</u>	<u>\$ 467</u>
RECEIPTS OVER (UNDER)				
EXPENDITURES	\$ (15,386)	\$ 259		
UNENCUMBERED CASH - BEGINNING	<u>699,749</u>	<u>684,363</u>		
UNENCUMBERED CASH - ENDING	<u>\$ 684,363</u>	<u>\$ 684,622</u>		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
 Riley, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended June 30, 2010
 With Comparative Actual Totals for the Prior Year Ended June 30, 2009

	Prior Year Actual	Current Year		Variance - Favorable (Unfavorable)
		Actual	Budget	
CASH RECEIPTS				
Intergovernmental	\$ 260,073	\$ 257,329	\$ 307,667	\$ (50,338)
EXPENDITURES				
Employer contributions	\$ 260,073	\$ 257,329	\$ 307,667	\$ 50,338
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	\$ -	\$ -		

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
STUDENT ORGANIZATION FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2010

STATEMENT 4

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
High School				
Activity Fee	\$ -	\$ 3,682	\$ 3,682	\$ -
AD Athletic Fund	3,137	2,148	1,603	3,682
AD BB Fund	-	4,026	2,347	1,679
Ad Fundraiser - Pop	-	16	-	16
Ag Education	344	4,572	3,715	1,201
Art Club	279	3,106	2,178	1,207
Art Rev	78	2,243	2,281	40
Band Miscellaneous	15	981	718	278
Band Revenue	-	99	99	-
Baseball Misc	-	332	160	172
Bill Greene Fund	883	-	550	333
Boys Basketball Misc	136	20	-	156
Cheerleaders	1,217	11,656	13,678	(805)
Chess	959	-	(28)	987
Class of 2008	167	(152)	-	15
Class of 2009	1,080	152	1,232	-
Class of 2010	1,772	435	1,560	647
Class of 2011	976	7,460	7,816	620
Class of 2012	259	115	-	374
Class of 2013	-	446	-	446
Community Leadership	411	-	-	411
Culture Club	709	1,833	2,259	283
Dance-Drill Team	672	260	-	932
Debate	352	836	914	274
Drivers Ed Club	1,908	4,008	5,916	-
Ecology Club	49	1,136	810	375
Family & Consumer Sciences	-	579	533	46
Future Business Leaders America	3,583	2,386	2,513	3,456
FCCLA	1,900	6,644	7,016	1,528
FFA	1,849	21,887	17,025	6,711
Football - Misc	(14)	3,900	-	3,886
Forensics	193	1,803	1,585	411
Girls Basketball Ad Sales	321	643	948	16
Golf - Misc	742	285	274	753
Guitar	15	195	210	-
Industrial Education	1,603	4,490	4,558	1,535
Mass Media III - Digital Video	853	555	1,045	363
National Honor Society	2,430	3,601	4,671	1,360
Patch Fund	1	691	685	7
Pepclub	1,968	1,100	1,484	1,584
Registraton Fee	-	4,122	4,122	-
Renaissance	254	2,763	3,082	(65)
R in B	3,698	6,620	8,760	1,558
SADD	433	-	-	433
Softball - Misc	1,577	3,947	4,638	886
Senior Sitting Fee	504	600	622	482
Subtotal	\$ 37,313	\$ 112,539	\$ 111,579	\$ 38,273

(continued)

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
STUDENT ORGANIZATION FUNDS (CONTINUED)
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2010

STATEMENT 4

	Balance July 1, 2009	Cash Receipts	Cash Disbursements	Balance June 30, 2010
Subtotal from previous page	\$ 37,313	\$ 112,539.00	\$ 111,579.00	\$ 38,273
Spring Play Review	-	-	-	-
Student Council	1,559	2,363	2,789	1,133
Summer Camp Insurance	81	51	81	51
Testing Fund Revenue	-	136	136	-
Tri-M	36	1,890	1,420	506
Visual Design	15	-	15	-
Vocal Music	166	10,301	10,352	115
Vocal Music Revenue	46	43	89	-
Volleyball - Misc	109	2,773	2,652	230
Yearbook	(2,653)	6,404	4,727	(976)
Total High School	\$ 36,672	\$ 136,500	\$ 133,840	\$ 39,332
Grade School				
Athletics	\$ (471)	\$ 2,299	\$ 2,275	\$ (447)
Band	(39)	367	335	(7)
Class of 2015	-	1,035	348	687
Class of 2013	821	335	1,156	-
Class of 2014	521	16,544	16,179	886
Falcon Day Fund	-	250	-	250
Flowers	1,890	304	887	1,307
Pep Club	(674)	10,365	11,240	(1,549)
Recorders	646	180	174	652
School Events	(493)	8,055	8,499	(937)
Social	546	162	190	518
Student Council	1,478	3,813	5,741	(450)
Yearbook	(732)	7,376	6,396	248
KYLA Sponsorship	20	-	-	20
Total Grade School	\$ 3,513	\$ 51,085	\$ 53,420	\$ 1,178
TOTAL ACTIVITY FUNDS	\$ 40,185	\$ 187,585	\$ 187,260	\$ 40,510

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Manhattan, Kansas
ALL BUDGETED SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010

	Supplemental General	At Risk	Capital Outlay	Drivers Education	Food Service	Inservice
RECEIPTS						
Taxes	\$ 734,878	\$ -	\$ 197,250	\$ -	\$ -	\$ -
Intergovernmental	833,789	-	10,611	2,150	141,225	-
Fees and charges	-	-	-	-	187,980	-
Interest	-	-	-	-	-	-
Other	-	-	3,961	-	-	-
Transfers in	-	-	-	1,900	17,683	-
Total Receipts	\$ 1,568,667	\$ 57,000	\$ 201,822	\$ 22,807	\$ 544,349	\$ -
EXPENDITURES						
Instruction	\$ 237,670	\$ 104,390	\$ -	\$ 15,717	\$ -	\$ -
Instructional support staff	308,539	-	-	-	-	-
School administration	38,080	-	-	-	-	-
Operation and maintenance	81,425	-	-	1,209	-	-
Vehicle operating services	40,734	-	-	-	-	-
Inservce CPSi	-	-	-	-	-	4,343
Food service	-	-	-	-	479,562	-
New Building Acquisition	-	-	75,034	-	-	-
Capital outlay	-	-	-	-	988	-
Other	-	-	-	913	7,523	-
Operating transfers	878,039	-	-	-	-	-
Total Expenditures	\$ 1,584,487	\$ 104,390	\$ 82,764	\$ 17,839	\$ 488,073	\$ 4,343
RECEIPTS OVER (UNDER)	\$ (15,820)	\$ (47,390)	\$ 179,058	\$ 4,968	\$ 56,276	\$ (4,343)
EXPENDITURES	20,590	64,737	104,993	538	25,565	6,000
UNENCUMBERED CASH - BEGINNING	31,832	19	-	-	1,385	-
Prior year cancelled encumbrances	-	-	-	-	-	-
UNENCUMBERED CASH - ENDING	\$ 36,602	\$ 17,366	\$ 284,051	\$ 5,506	\$ 83,226	\$ 1,657

STATEMENT 5

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Manhattan, Kansas
ALL BUDGETED SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES (CONTINUED)
For the Year Ended June 30, 2010

	Special Education	Vocational Education	Summer School	Parents' Education	KPERS	Totals
RECEIPTS						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932,128
Intergovernmental	10,702	-	-	-	257,329	1,255,806
Fees and charges	-	-	-	-	-	187,980
Interest	-	-	-	-	-	3,961
Other	-	-	-	-	-	19,583
Transfers in	1,010,000	273,000	-	13,057	-	1,619,275
Total Receipts	<u>\$ 1,020,702</u>	<u>\$ 273,000</u>	<u>\$ -</u>	<u>\$ 13,057</u>	<u>\$ 257,329</u>	<u>\$ 4,018,733</u>
EXPENDITURES						
Instruction	\$ 932,231	\$ 259,115	\$ -	\$ 13,057	\$ -	\$ 1,562,180
Instructional support staff	-	-	-	-	-	308,539
School administration	-	-	-	-	-	38,080
Operation and maintenance	31,995	1,701	-	-	-	116,330
Vehicle operating services	-	-	-	-	-	40,734
Inservise CPSI	-	-	-	-	-	4,343
Student transportation	26,672	-	-	-	-	26,672
Food service	-	-	-	-	-	479,562
New Building Acquisition	-	-	-	-	-	75,034
Capital outlay	-	-	-	-	-	988
Other	-	1,240	-	-	-	9,676
Operating transfers	-	-	-	-	-	878,039
Employer contributions	-	-	-	-	-	257,329
Total Expenditures	<u>\$ 990,898</u>	<u>\$ 262,056</u>	<u>\$ -</u>	<u>\$ 13,057</u>	<u>\$ 257,329</u>	<u>\$ 3,805,236</u>
RECEIPTS OVER (UNDER)						
EXPENDITURES	\$ 29,804	\$ 10,944	\$ -	\$ -	\$ -	\$ 213,497
UNENCUMBERED CASH - BEGINNING	47,389	2,993	-	-	-	272,805
Prior year cancelled encumbrances	-	1,213	-	-	-	34,449
UNENCUMBERED CASH - ENDING	<u>\$ 77,193</u>	<u>\$ 15,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,751</u>

STATEMENT 5

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
ALL NON-BUDGETED SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2010

	Title II-A Teacher Quality	Small Rural Schools Achieve	Student Materials Revolving	Contingency Reserve	Title I
RECEIPTS					
Intergovernmental	\$ 21,480	\$ -	\$ -	\$ -	\$ 81,992
Other	-	-	-	-	62
Transfers in	-	-	-	50,000	-
Total Receipts	\$ 21,480	\$ -	\$ -	\$ 50,000	\$ 82,054
EXPENDITURES					
Salaries and benefits	\$ 11,163	\$ -	\$ -	\$ -	\$ 72,843
Purchased services	11,207	-	-	-	4,359
Supplies	-	-	-	-	4,825
Other	-	639	2,057	-	-
Operating transfers	-	-	-	-	-
Total Expenditures	\$ 22,370	\$ 639	\$ 2,057	\$ -	\$ 82,027
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (890)	\$ (639)	\$ (2,057)	\$ 50,000	\$ 27
UNENCUMBERED CASH - BEGINNING	278	639	26,760	203,282	(118)
Prior year cancelled encumbrances	-	-	-	-	-
UNENCUMBERED CASH - ENDING	\$ (612)	\$ -	\$ 24,703	\$ 253,282	\$ (91)

STATEMENT 6

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378

Riley, Kansas

ALL NON-BUDGETED SPECIAL REVENUE FUNDS
STATEMENT OF CASH RECEIPTS AND EXPENDITURES (CONTINUED)
For the Year Ended June 30, 2010

STATEMENT 6

	Title IV Safe & Drug Free	Title II D Technology	Title I Grants 2009 ARRA	Title II D Ed Tech 2009 ARRA	Total
RECEIPTS					
Intergovernmental	\$ 2,198	\$ 667	\$ 21,104	\$ 820	\$ 128,261
Other	-	-	-	-	62
Transfers in	-	-	-	-	50,000
Total Receipts	\$ 2,198	\$ 667	\$ 21,104	\$ 820	\$ 178,323
EXPENDITURES					
Salaries and benefits	\$ -	\$ -	\$ 20,681	\$ -	\$ 104,687
Purchased services	-	667	-	820	17,053
Supplies	281	-	423	-	5,529
Other	685	-	-	-	3,381
Operating transfers	-	-	-	-	-
Total Expenditures	\$ 966	\$ 667	\$ 21,104	\$ 820	\$ 130,650
RECEIPTS OVER (UNDER)					
EXPENDITURES	\$ 1,232	\$ -	\$ -	\$ -	\$ 47,673
UNENCUMBERED CASH - BEGINNING	(3,082)	-	-	-	227,759
Prior year cancelled encumbrances	-	-	-	-	-
UNENCUMBERED CASH - ENDING	\$ (1,850)	\$ -	\$ -	\$ -	\$ 275,432

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
STATEMENT OF CHANGES IN LONG-TERM DEBT
For the Year Ended June 30, 2010

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 1999	5.1%/6.65%	9/1/99	\$ 2,185,000	9/1/19	\$ 95,000	\$ 95,000	\$ (95,000)	\$ -	\$ 3,016
Series 2003	1.45%/3.55%	8/15/03	2,030,000	12/1/13	940,000	185,000	(185,000)	755,000	27,191
Series 2007A	3.5%/3.8%	4/1/07	1,780,000	9/1/19	1,785,000	-	-	1,785,000	65,245
TOTAL LONG-TERM DEBT					<u>\$ 2,820,000</u>	<u>\$ 280,000</u>	<u>\$ (280,000)</u>	<u>\$ 2,540,000</u>	<u>\$ 95,452</u>

STATEMENT 7

The accompanying notes are an integral part of these financial statement.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SCHEDULE OF MATURITY OF LONG-TERM DEBT
For the Year Ended June 30, 2010

	Year						
	2011	2012	2013	2014	2015	2016 - 2020	Total
Principal							
General obligations bonds	\$ 320,000	\$ 350,000	\$ 365,000	\$ 280,000	\$ 170,000	\$ 1,055,000	\$ 2,540,000
Interest							
General obligation bonds	\$ 84,780	\$ 73,865	\$ 61,749	\$ 50,425	\$ 42,358	\$ 104,566	\$ 417,743
TOTAL PRINCIPAL AND INTEREST	\$ 404,780	\$ 423,865	\$ 426,749	\$ 330,425	\$ 212,358	\$ 1,159,566	\$ 2,957,743

STATEMENT 7

The accompanying notes are an integral part of these financial statements.
See Independent Auditors' Report.

Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
June 30, 2010

Note 1: Summary of Significant Accounting Policies

The Unified School District No. 378 (the District) has established a system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented after applying memorandum adjustments, where applicable, to record accrued revenues, expenses and inventories, resulting in financial statements presented on a modified accrual basis of accounting. The District has no component units.

Basis of Presentation

Statutory Basis of Accounting - The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Departure from Generally Accepted Accounting Principles - The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under U.S. generally accepted accounting principles, encumbrances are only recognized as reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with U.S. generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Property taxes recognized as revenue for the year ended June 30, 2009 represent the tax in process from the previous year which is collected plus the taxes collected from the 2008 levy by June 30, 2009. The remaining taxes from the 2008 levy are measurable but are not available to finance June 30, 2009 expenditures and are considered to be budgeted to finance June 30, 2010 expenditures. Deferred revenues in the governmental fund types represent taxes in process at June 30, 2009 from the 2008 tax levy which will be used to finance June 30, 2010 expenditures.

Fund Descriptions

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Descriptions (Continued)

The following types of funds comprise the financial activities of the District for the year ended June 30, 2010:

Governmental Funds

General Fund is used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Fund is used to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

Capital Project Fund is used to account for the acquisition of fixed assets or construction of major capital projects.

General Fixed Assets consist of those fixed assets used in the performance of general governmental operations. These assets are recorded as expenditures in the funds at the time of purchase.

Fiduciary Funds

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Those include expendable trust funds and agency funds. The activity funds are considered an agency fund and the balance on hand is payable to student organizations.

Waiver of Financial Reporting Requirements

The District's Board of Education has determined by resolution that financial statements prepared in conformity with generally accepted accounting principles are not relevant to the requirements of the cash basis and budget laws of the State of Kansas and are of no significant value to the Board, the Unified School District or the members of the general public of the District. The District submitted a waiver form with the Division of Accounts and Reports of the State of Kansas which served as notice of the Board's election to waive the requirements for reporting of its financial data in conformity with generally accepted accounting principles, as provided for and authorized by K.S.A. 75-1120a(c).

Ad Valorem Tax Revenue

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and are distributed to the District by January 20 to help finance the current year's budget. The second half is due May 10 and is distributed to the District by June 5. The District Treasurer draws all available funds from the County Treasurer's Office at designated times throughout the year.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Principles Used in Determining Scope of Entity for Financial Reporting Purposes

The scope of the entity for financial reporting purposes is defined as those funds for which the School District Board has oversight responsibility and is primarily accountable. Oversight responsibility includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursements of funds. These financial statements include all funds included in the District's legally adopted budget and trust and agency funds controlled or administered by district employees in their capacity as district employees.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and this notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)
Budget and Tax Cycle (Continued)

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Contingency Reserve	Title II A Teacher Quality	Title IV Safe & Drug Free
Student Materials Revolving	Title II D Technology	Title I Grants - ARRA Funds
Title I	Small Rural Schools	Title II D Ed Tech - ARRA Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Vacation, Sick Leave and Other Compensated Absences

The District's policy regarding vacation permits employees to use their vacation no later than six months after the year in which it is earned. If it is not used within six months after year end, it is lost. All employees who receive vacation pay are entitled to payment for all accrued vacation earned prior to termination or resignation. All other compensated absences do not vest or accumulate and the vacation pay does not accumulate; therefore, all compensated absences are recorded as expenditures when they are paid.

Note 2: Deposits and Investments

Kansas State Statutes authorize the District, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements and U.S. Treasury Bills and Notes. Statutes also require that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the District.

At June 30, 2010, the carrying amount of the District's deposits was \$1,641,115. The bank balance was \$1,885,007. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$261,642 was insured by FDIC insurance and \$1,623,365 was collateralized by pledge securities held under joint custody receipts issued by a third-party bank in the school district's name. The third-party bank holding the pledged securities is independent of the pledging bank.

Note 3: Defined Benefit Pension Plan

Plan description: The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 3: Defined Benefit Pension Plan (Continued)

Funding policy: K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all public school municipality employees for the years ending June 30, 2010, 2009 and 2008 were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

Note 4: Transfers

The District made the following operating transfers during the fiscal year 2009. The transfers were approved by the Board of Education.

	From	To
General fund	\$ 791,236	\$ -
Supplemental general	878,039	-
Special revenue funds:		
Capital outlay	-	50,000
Contingency reserve	-	50,000
At risk fund	-	57,000
Food service fund	-	197,461
Special education fund	-	1,010,000
Vocational education fund	-	273,000
Parents' education fund	-	13,057
Driver's education fund	-	18,757
TOTALS	<u><u>\$ 1,669,275</u></u>	<u><u>\$ 1,669,275</u></u>

Note 5: Litigation

The District's attorney advises us that as of this date, he is aware of no material pending or threatened litigation or unasserted claims against the District that would require disclosure.

Note 6: General Long-Term Debt

Kansas Statute Annotated 72-6761 restricts the level of authorized and outstanding bond indebtedness of the District to not more than 14% of the assessed valuation of tangible taxable property within the District. At June 30, 2010, based on the assessed valuation as of that date of \$30,677,267, the general obligation debt limit was \$4,294,817, after reduction for the outstanding eligible general obligation bonds total of \$2,540,000 plus the \$684,622 available for general obligation debt in the Debt Service Fund, provides a general obligation debt margin of \$2,439,439.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 7: Leases

The District has entered into a lease purchase agreement for a fine arts building. The agreement provides for semi-annual payments by the District of principal and interest for the term of the agreement. The District has the option to purchase title to the property during the lease term upon payment of a purchase price set forth by the agreement.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2010:

<u>Year Ending June 30:</u>	
2011	\$ 75,490
2012	37,945
Minimum lease payments for all capital leases	\$ 113,435
Less: Amounts representing interest at the amount stated in agreement	(5,711)
Present Value of Minimum Lease Payments	<u>\$ 107,724</u>

Note 8: Intergovernmental Revenue

The following shows the sources for intergovernmental revenue for the year ended June 30, 2009:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General	\$ 252,641	\$ 4,198,378	\$ -	\$ 4,451,019
Special Revenue - Budgeted				
Supplemental general	\$ 184,373	\$ 542,658	\$ 106,758	\$ 833,789
Capital outlay	-	-	10,611	10,611
Special education	-	10,702	-	10,702
Drivers education	-	2,150	-	2,150
Food service	137,330	3,895	-	141,225
KPERS special retirement contribution	-	257,329	-	257,329
Total	<u>\$ 321,703</u>	<u>\$ 816,734</u>	<u>\$ 117,369</u>	<u>\$ 1,255,806</u>
Special Revenue - Non-Budgeted				
Title I	\$ 103,096	\$ -	\$ -	\$ 103,096
Title IV	-	2,198	-	2,198
Title V	-	-	-	-
Title II A Teacher Quality	21,480	-	-	21,480
Title II D Education Technology	1,487	-	-	1,487
Total	<u>\$ 126,063</u>	<u>\$ 2,198</u>	<u>\$ -</u>	<u>\$ 128,261</u>
Debt Service	<u>\$ -</u>	<u>\$ 120,177</u>	<u>\$ 36,630</u>	<u>\$ 156,807</u>
TOTALS	<u><u>\$ 700,407</u></u>	<u><u>\$ 5,137,487</u></u>	<u><u>\$ 153,999</u></u>	<u><u>\$ 5,991,893</u></u>

Notes to Financial Statements

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 9: Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2010.

Note 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

Note 11: Comparative Prior Year Amounts

The 2009 actual amounts presented in the financial statements have been taken from the audit report for the year ended June 30, 2009 and are presented for comparative purposes only.

Note 12: Other Employee Benefits

Non-Certified: Sick Leave, Bereavement Leave and Personal Leave

Sick leave will be credited 1 day for each 20 working days, not to exceed 12 days per year, and may accumulate to a maximum of 70 days. Only regular full-time and regular part-time employees will be allowed sick leave. A maximum of 5 days bereavement leave per year may be taken in the event of the death of certain relatives. Two days of personal leave per year will be granted to cooks, custodians and clerical help who work 25 or more hours per week on a regular basis. The same classification of employees who work less than 25 hours per week on a regular basis, and regularly employed bus drivers, will be granted 1 day of personal leave per year. Full-time employees of the District will be entitled to 2 weeks vacation with pay after 1 year of continuous employment.

Certified: Sick Leave, Bereavement Leave and Personal Leave

Sick leave will be credited 1 day for each 20 working days, not to exceed 10 days per year, and may accumulate to a maximum of 75 days. A maximum of 5 days bereavement leave per year may be taken in the event of the death of certain relatives. Two days of personal leave per year will be granted, but will not be accumulated.

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2010

Note 12: Other Employee Benefits (Continued)

All Employees

On September 1, 1987, the District adopted the U.S.D. No. 378 Riley County Schools Flexible Benefit Plan. Each eligible employee may participate in the plan on the enrollment date coincidental with or next following the date on which he or she attains age 18 and completes his or her first day of employment. Employees not eligible to participate are: 1) those who normally work less than 30 hours per week; 2) employees who normally work less than 6 months during any plan year; 3) employees other than teachers who are covered by a collective bargaining agreement; and 4) non-resident aliens who have no earned income from the employer.

The purpose of the plan is to permit participating employees to convert a portion of their taxable compensation into nontaxable fringe benefits on an annual basis. This amount may not exceed the amount of compensation of the lowest paid employee who is eligible to participate in the plan. Benefits available to participants are the provision for reimbursement of medical expenses or medical insurance premiums, payment of premiums on group term life or disability insurance, or payment of or reimbursement of dependent care expenses.

SUPPLEMENTAL INFORMATION

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SCHEDULE OF INVESTMENTS
June 30, 2010

Idle Funds

The Riley State Bank of Riley, Kansas

\$ 1,873,365

Leonardville State Bank, Leonardville, Kansas

11,642

TOTAL IDLE FUNDS

\$ 1,885,007

Supplemental Information

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
FUNDS ON DEPOSIT COMPARED WITH DEPOSITORY COVERAGE
(INCLUDES ACTIVITY FUNDS)
June 30, 2010

	<u>F.D.I.C. Coverage</u>	<u>Securities Pledged Market Value</u>	<u>Total Coverage</u>	<u>Funds on Deposit</u>	<u>Funds at Risk</u>
The Riley State Bank Riley, Kansas	\$ 250,000	\$ 1,847,330	\$ 2,097,330	\$ 1,873,365	\$ -
Leonardville State Bank Leonardville, Kansas	250,000	-	250,000	11,642	-
TOTAL	<u>\$ 500,000</u>	<u>\$ 1,847,330</u>	<u>\$ 2,347,330</u>	<u>\$ 1,885,007</u>	<u>\$ -</u>

Supplemental Information



March 30, 2011

Board of Education
Unified School District No. 378
Riley, Kansas

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an audit of General Purpose
Financial Statements performed in Accordance With Government Auditing Standards**

We have audited the general purpose financial statements of the Unified School District No. 378 (the District) as of and for the year ended June 30, 2010 and have issued our report thereon dated March 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

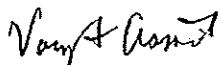
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of administration and the board of education, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Manhattan, Kansas



March 30, 2011

Board of Education
Unified School District No. 378
Riley, Kansas

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Unified School District No. 378 (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audits provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Unified School District No. 378 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Independent Auditors' Report

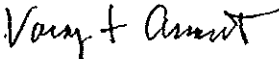
Internal Control over Compliance

The administration of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of administration, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
School breakfast program	10.553	DO378	\$ 23,821
National school lunch program	10.555	DO378	96,017
Cash for commodities	10.555	DO378	17,492
Total U.S. Department of Agriculture			\$ 137,330
U.S. Department of Education			
Passed through Kansas Department of Education			
ARRA State fiscal stabilization funds	84.394 *	DO378	\$ 412,042
Title 1, financial assistance to meet special education needs of disadvantaged children	84.010	DO378	81,992
Title IV Drug Free Schools	84.186	DO378	1,856
TII-Technical Literature	84.318	DO378	667
TII Technical Literature ARRA	84.318	DO378	820
Data Use Grant	84.372	DO378	800
Title II A Improving Teacher Quality	84.367	DO378	21,480
ARRA Title I	84.389 *	DO378	21,104
School Preparedness	97.042	DO378	750
Total U.S. Department of Education			\$ 541,511
TOTAL FEDERAL EXPENDITURES			\$ 678,841

Note 1: Basis of Accounting

This schedule is presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances.

The District did not receive any non-cash awards during the year.

*Major Programs

Supplemental Information

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major programs:

<u>Name of Federal program</u>	<u>CFDA Number</u>
ARRA Stabilization Grant	84.394

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

Supplemental Information

UNIFIED SCHOOL DISTRICT NO. 378
Riley, Kansas
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2010

There were no prior audit findings.

Supplemental Information